

## Message Text

CONFIDENTIAL

PAGE 01 CAIRO 10472 210607Z

21/14

ACTION SS-25

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 7307

C O N F I D E N T I A L CAIRO 10472

EXDIS

C O R R E C T E D C O P Y (MRN 10472 VICE 0472)

FFOR ACTING SECRETARY INGERSOLL FROM AMBASSADOR

E.O. 11652: GDS

TAGS: USEGJC EG US

SUBJECT: FAHMY ON JOINT BUSINESS COUNCIL MEETING

1. I UNDERSTAND YOU ARE MEETING WITH MR. THOMAS MURPHY TODAY FOR A DEBRIEFING OF THE RECENT JOINT BUSINESS COUNCIL SESSION. IN MY JUDGMENT, MR. MURPHY HANDLED THE SESSION SUPERBLY AND HIS PRESENCE AND INTEREST LENT STATUS TO THE JBC.

2. TO MY SURPRISE, FAHMY VOLUNTEERED TO ME LAST NIGHT THAT HE UNDERSTOOD MR. MURPHY FELT "VERY UNHAPPY" ABOUT THE JBC SESSION. MR. MURPHY PLANNED TO VISIT WITH SADAT IN THE US TO GIVE THE PRESIDENT A FRANK APPRAISAL OF THE MEETING. SINCE I HAD NOT TALKED WITH FAHMY ABOUT THE JBC AND MY OFFICERS HAVE BEEN VERY CAREFUL ABOUT COMMENTING ON THE SESSION, I ASKED WHERE HE HAD HEARD THIS. HE CLAIMED HE COULD NOT REMEMBER EXACTLY.

3. I TOLD HIM MY IMPRESSION IS THAT THE TERM "VERY UNHAPPY" IS AN OVERSTATEMENT OF MR. MURPHY'S REACTION. IN TALKS I HAD HAD WITH HIM, MR. MURPHY HAD FELT THAT SOME OF THE EGYPTIAN PARTICIPANTS HAD NOT REALLY GRASPED WHAT STEPS ARE NEEDED IF FOREIGN, AND  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 10472 210607Z

ESPECIALLY AMERICAN, PRIVATE INVESTMENT IN EGYPT

IS TO BE ENCOURAGED. INSTEAD, THEY HAD PERSISTED IN UNREALISTIC APPROACHES TO THE PROBLEM. A START HAD INDEED BEEN MADE IN BRINGING ABOUT A BETTER UNDERSTANDING OF WHAT IS NEEDED, BUT THERE IS STILL A LONG WAY TO GO.

4. FAHMY OBSERVED THAT THE PRESIDENT IS AWARE OF THE SITUATION. AT THE CABINET MEETING TWO NIGHTS AGO PRECEEDING SADAT'S ADDRESS TO THE PEOPLES ASSEMBLY, THE PRESIDENT HAD MADE IT VERY CLEAR THAT THE PUBLIC SECTOR IS IN MANY AREAS INEFFICIENT AND WILL HAVE TO BE CONSTRICTED SO THAT THE PRIVATE SECTOR CAN PLAY A MORE SIGNIFICANT ROLE IN THE DEVELOPMENT OF EGYPT'S ECONOMY. AS I HAD DOUBTLESS NOTED, THE PRESIDENT HAD ALSO SPOKEN TO THIS POINT IN HIS ADDRESS (CAIRO 10461) ALTHOUGH NOT QUITE AS STRONGLY AS IN HIS CABINET MEETING. HE THOUGHT THE PRESIDENT WOULD BE INTERESTED IN HEARING MR. MURPHY'S CANDID VIEWS.

5. YOU MAY WISH TO INFORM MR. MURPHY OF THE ABOVE CONVERSATION.  
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## Message Attributes

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